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Federal Communications Commission
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REDACTED – FOR PUBLIC INSPECTION

September 4, 2003

BY HAND DELIVERY

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

**Re: Qwest Communications International Inc.
Application for Authority to Provide In-Region, InterLATA Services
in Arizona**

Dear Ms. Dortch:

Pursuant to Section 271 of the Telecommunications Act of 1996 and the Commission's *Public Notice*, "Updated Filing Requirements for Bell Operating Company Applications Under Section 271 of the Communications Act," DA 01-734 (March 23, 2001) (re-released April 27, 2001), Qwest Communications International Inc., on behalf of itself and its subsidiaries, Qwest Corporation, Qwest LD Corp. and Qwest Communications Corporation (collectively, "Qwest"), submits herewith its Application for Authority to Provide In-region InterLATA Services in Arizona (the "Application").

Qwest's submission contains the following items:

- An original and one paper copy of the Brief in support of the Application, its associated attachments, and Appendices A through F.
- Three CD-ROM sets in read-only format containing the Brief in support of the Application, its associated attachments, and Appendices A through P.
- One paper copy of each document containing confidential material, together with a letter identifying the confidential documents being submitted.

BRUSSELS BUDAPEST LONDON MOSCOW PARIS* PRAGUE WARSAW
BALTIMORE, MD BETHESDA, MD COLORADO SPRINGS, CO DENVER, CO MCLEAN, VA

*Affiliated Office

Ms. Marlene H. Dortch

September 4, 2003

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Concurrently herewith, Qwest is submitting under separate cover the following items to Janice Myles, Competition Policy Division, Wireline Competition Bureau, Federal Communications Commission, 445 12th Street SW, 5-C 201, Washington, D.C. 20054:

- 20 copies of the Brief in support of the Application, its associated attachments, and Appendices A through F.
- 12 CD-ROM sets in read-only format containing the entire Application.
- Three paper copies of each document containing confidential material, together with a copy of the letter, described above, identifying the confidential documents being submitted.

Also concurrently herewith, Qwest is submitting under separate cover the following items to Nancy M. Goodman, Chief, Telecommunications and Media Enforcement Section, Antitrust Division, Department of Justice, 1401 H. Street NW, Suite 8000, Washington, D.C. 20530:

- 6 copies of the Brief in support of the Application, its associated attachments, and Appendices A through F.
- 7 CD-ROM sets in read-only format containing the entire Application.
- One paper copy of each document containing confidential material, together with a copy of the letter, described above, identifying the confidential documents submitted with the Application.

Qwest also is providing copies of its Application in paper and CD-ROM form to the pertinent state regulatory authorities and the FCC's copy contractor, Qualex International. Qwest will make the Application available on its website, appropriately redacted to exclude confidential documents.

HOGAN & HARTSON L.L.P.

Ms. Marlene H. Dortch

September 4, 2003

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Inquiries regarding access to the confidential materials included in the Application should be directed to the following:

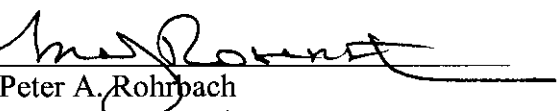
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Finally, also enclosed is an extra copy of this letter to be stamped as received and returned via our messenger.

Questions concerning this submission should be directed to the undersigned.

Respectfully submitted,

Hogan & Hartson L.L.P.

By: 
Peter A. Rohrbach
Mace J. Rosenstein
Yaron Dori

Counsel for Qwest Communications
International Inc.

Enclosures

cc: Janice Myles
Nancy Goodman
Qualex International
Arizona Corporation Commission

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

SEP 04 2003

Federal Communications Commission
Office of the Secretary

In the Matter of)

Qwest Communications)
International Inc.)

WC Docket No. 03-194

Application for Authority to Provide)
In-Region, InterLATA Services in Arizona)

DOCKET FILE COPY ORIGINAL

To: The Commission

**BRIEF OF
QWEST COMMUNICATIONS INTERNATIONAL INC.
IN SUPPORT OF APPLICATION FOR AUTHORITY TO PROVIDE
IN-REGION, INTERLATA SERVICES IN ARIZONA**

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September 4, 2003

ORIGINAL

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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)
)
Qwest Communications) WC Docket No. _____
International Inc.)
)
Application for Authority to Provide)
In-Region, InterLATA Services in Arizona)

To: The Commission

**BRIEF OF
QWEST COMMUNICATIONS INTERNATIONAL INC.
IN SUPPORT OF APPLICATION FOR AUTHORITY TO PROVIDE
IN-REGION, INTERLATA SERVICES IN ARIZONA**

Pursuant to Section 271(d)(1) of the Communications Act of 1934, as amended by the Telecommunications Act of 1996, Pub. L. No. 104-104, § 151(a), 110 Stat. 89 (“1996 Act” or “Act”), Qwest Communications International Inc. (“QCII”), on behalf of itself and certain of its subsidiaries, 1/ hereby submits this consolidated application for authority to provide interLATA interexchange service originating in the State of Arizona. 2/

INTRODUCTION AND EXECUTIVE SUMMARY

This application marks the culmination of Qwest’s concerted and systematic work to bring the benefits of competition to all consumers in its region. Qwest has spent hundreds of millions of dollars to redesign its systems and processes to meet its obligations under the 1996 Act and related rules. Local exchange competition is active and growing throughout its region. The Commission has recognized and validated those efforts by granting Qwest’s previous

1/ The QCII subsidiaries that are parties to this application are Qwest Corporation (“QC”), Qwest LD Corp. (“QLDC”), and Qwest Communications Corporation (“QCC”) (collectively, and together with QCII, “Qwest”).

applications for in-region, interLATA authority in 13 of the 14 states in its service territory. See *Qwest 9-State Order*; *Qwest 3-State Order*; *Qwest Minnesota Order* (collectively, the “*Qwest 271 Orders*”).

Now Qwest is filing its final Section 271 application. This filing with the FCC follows several years of extensive proceedings that already have occurred before the Arizona Corporation Commission (“ACC” or “Arizona Commission”). In the course of those proceedings, the ACC has held 40 collaborative workshops encompassing more than 100 days of hearings. It has conducted its own rigorous test of Qwest’s Operations Support Systems (“OSS”). It has considered and adopted multiple orders in which it has fully evaluated Qwest’s satisfaction of the Section 271 criteria.

This application also builds on the record established in Qwest’s previously-approved Section 271 applications for its 13 other states. Qwest uses the same OSS in Arizona that the Commission already has approved in each of its other states. Qwest is meeting its checklist obligations in Arizona on materially the same terms as in its other states. It follows that the *Qwest 271 Orders* are direct guidance and precedent for action on this final application.

More specifically, the record here reflects the following:

- Competitive local exchange carriers (“CLECs”) are an active competitive force in the Arizona local exchange market, serving both business and residential consumers. They have garnered an aggregate market share of approximately 20 percent, competitive activity far larger than in most other states where the Commission has granted Section 271 applications.
- Qwest has fully implemented the Section 271 checklist in Arizona, just as it has in other states in its region - and as approved by the FCC in the *Qwest 271 Orders*.

2/ A copy of this Application is available at <http://www.qwest.com/about/policy/ldReentry/Fed271>.

- Both the manner in which Qwest provides the checklist items, and the OSS used to deliver them in Arizona, are substantially similar, if not identical, to those in the other Qwest states.
- Qwest's OSS are handling significant commercial volumes and have been subject to, and passed, a rigorous independent third-party test administered under the auspices of the Arizona Commission. These same systems also were tested and approved by other Qwest area states under the auspices of the Regional Oversight Committee ("ROC"), as recognized in the *Qwest 271 Orders*.
- Qwest's performance in provisioning checklist items in Arizona is as good as, or better than, the performance this Commission reviewed and found strong in the *Qwest 271 Orders*.
- Qwest offers unbundled network element ("UNE") rates that are at or below rates that comply with TELRIC principles, and are consistent with rates that the Commission previously has found to meet the requirements of Section 271.
- Qwest has proposed a post-entry performance assurance plan that subjects Qwest to aggregate potential penalties of \$114 million annually - a plan that is virtually identical in form and substance to those in other states previously endorsed by the Commission, including the plans reviewed and approved in the *Qwest 271 Orders*.

Qwest summarizes below how it meets each element of Section 271 in Arizona.

These matters are discussed in more detail in the Declarations attached hereto in Attachment 5, Appendix A, and supported by the record materials provided in Attachment 5, Appendices B-P. Section I of this brief describes the comprehensive process through which the ACC developed a record of Qwest's satisfaction of Section 271. Section II explains why Qwest is eligible to seek interLATA authority under Section 271(c)(1)(A). Section III describes how Qwest meets each of the 14 checklist requirements of Section 271(c)(2)(B), including an explanation of the measures used to evaluate performance in this area. Section IV demonstrates that unbundled network elements and interconnection are priced consistently with applicable rules. Section V demonstrates that Qwest will provide services for which the authorization is requested in

compliance with Section 272. Finally, in Section VI, Qwest reviews why grant of this Application is consistent with the public interest.

I. THE ACC HAS ENGAGED IN A RIGOROUS AND COMPREHENSIVE PROCESS TO EVALUATE QWEST'S APPLICATION FOR INTERLATA AUTHORITY IN ARIZONA

State proceedings can “fulfill a vitally important role in the section 271 process.”

Qwest 9-State Order ¶ 8. As we show below and in the Declaration of Patrick Quinn, *Proceedings Before the Arizona Corporation Commission*, Att. 5, App. A (“Quinn Decl.”), the ACC, like its counterparts in the other states throughout the Qwest region, has exhibited “extraordinary dedication and creativity” in evaluating Qwest’s satisfaction of the requirements of Section 271, and “devoted a significant portion of [its] resources to [the Section 271] process over a number of years.” *Qwest 9-State Order* ¶ 3.

The Arizona Commission opened its Section 271 docket in May 1997. Initially, the docket was intended to analyze generally the extent of local market competition in Arizona and to evaluate Qwest’s compliance with the Section 271 checklist. Over time, the docket expanded to encompass not only OSS- and non OSS-related checklist items, but also Qwest’s Statement of Generally Available Terms and Conditions (“SGAT”); its Performance Assurance Plan (the “QPAP”); Track A and public interest issues; and Section 272. The ACC also examined Section 271-related issues in two separate cost dockets. *See generally* Quinn Decl.

The ACC conducted evidentiary workshops, presided over by ACC Staff and outside consultants, to examine Qwest’s satisfaction of the Section 271 criteria. Altogether, more than 40 collaborative workshops, encompassing more than 100 days, were conducted over the course of a three-year period. At the conclusion of each workshop, ACC Staff was charged with the preparation of proposed findings of fact and conclusions of law, which were subject to

review and comment by the parties. Thereafter, Staff prepared a final recommended report regarding each workshop. The reports concerning undisputed items were filed directly with the Arizona Commission for consideration at an open meeting. Reports concerning disputed items were submitted to the ACC's Hearing Division, where an Administrative Law Judge ("ALJ") resolved each disputed item in a Recommended Opinion and Order before presenting that item to the ACC for its consideration. *Id.* ¶¶ 13-14, 18. Finally, in a series of orders, the ACC either accepted or modified the Staff's or the ALJs' recommendations. *See generally* Quinn Decl.

Separately, the Arizona Commission conducted a rigorous and comprehensive test of Qwest's OSS. At the conclusion of a competitive selection process, the ACC retained Cap Gemini Ernst & Young Telecom, Media and Networks ("CGE&Y") as the administrator of the OSS test. Hewlett Packard ("HP") was selected as the Test Transaction Generator. *Id.* ¶ 114. The Third-Party Test of Qwest's OSS in Arizona is described fully at Section II of the Declaration of Lynn M V Notarianni and Loretta A. Huff, Operations Support Systems ("OSS Decl."), Att. 5 App. A. 3/

II. QWEST IS ELIGIBLE TO SEEK INTERLATA RELIEF UNDER SECTION 271(C)(1)(A)

Qwest unquestionably satisfies Track A in Arizona. *See* Declaration of David Teitzel, State of Local Exchange Competition, Track A and Public Interest Requirements ("Teitzel Decl."), Att. 5, App. A. Thousands of residential and business customers in Arizona currently obtain local telephone service from facilities-based CLECs, and several CLECs are

3/ Qwest's OSS as it pertains to the thirteen other states in the Qwest service territory was evaluated on a regional basis pursuant to a test designed and administered by the ROC. *See Qwest 9-State Order* ¶¶ 35-36; *Qwest 3-State Order* ¶ 36; *Qwest Minnesota Order* ¶ 16. The results of the ROC test are applicable to Arizona also inasmuch as Arizona falls within Qwest's Central Region, which was included within the ROC test. *See* OSS Decl. ¶ 99; *see also* Section III(C)(1), below.

serving both residential and business customers over their own facilities. 4/ *See generally* Teitzel Decl.

The Commission has interpreted Track A to require a BOC to demonstrate four things: (1) that it has one or more binding agreements with CLECs that have been approved under Section 252 of the Act; (2) that it provides access and interconnection to unaffiliated competing providers of telephone exchange service; (3) that these competitors collectively provide telephone exchange service to residential and business subscribers; and (4) that these competing providers offer telephone exchange service either exclusively or predominantly over their own telephone service facilities (which include UNEs they lease from Qwest) or *via* resale. *See Michigan 271 Order*, 12 FCC Rcd at 20,577-99 ¶¶ 62-104. Qwest easily satisfies each of these requirements in Arizona, a state where local exchange competition is thriving and growing.

Binding Agreements Under Section 252. Qwest has “entered into one or more binding agreements that have been approved under Section 252 specifying the terms and conditions under which the Bell operating company is providing access and interconnection to its network facilities” 47 U.S.C. § 271(c)(1)(A). Specifically, as of May 31, 2003, the ACC had approved 143 interconnection agreements – 83 wireline and 60 resale, wireless, paging and

4/ *See* 47 U.S.C. § 271(c)(1)(A). A CLEC’s “own facilities” include the use of leased unbundled network elements (UNEs). *See Michigan 271 Order*, 12 FCC Rcd at 20,598 ¶ 101. The Commission has interpreted the “more than *de minimis*” standard in other Section 271 orders involving far less competition than exists in Arizona. *See New Jersey 271 Order*, 17 FCC Rcd at 12281-83 ¶¶ 11-13 & nn.33, 41; *Vermont 271 Order*, 17 FCC Rcd at 7629-31 ¶¶ 10-12 & n.28. In New Jersey, a state with a population in excess of 8 million people, three CLECs provided a total of approximately 2,200 facilities-based residential access lines. *New Jersey 271 Order* at n.33. The Commission determined that the presence of any one of these three CLECs, taken alone, would satisfy Track A. *Id.* at n.41. In other words, one CLEC with no more than 733 residential facilities-based access lines was found to be sufficient to meet the Track A “more than *de minimis*” standard for New Jersey. Furthermore, the Commission held that the 345 residential customers served by CLECs in Vermont satisfied the “more than *de minimis*” standard of competition. *See Vermont 271 Order*, 17 FCC Rcd at 7630-31 ¶ 11 & n.28.

EAS. Another 32 agreements (including wireline, resale, wireless, paging and EAS agreements) were awaiting approval. *See* Teitzel Decl. at 6 and Exh. DLT-Track A/PI-AZ-1 (Arizona Wholesale Volumes Data Report); *see also* Att. 5, App. L (Qwest's state-approved interconnection agreements with CLECs in Arizona). Accordingly, Qwest meets the first criterion of Track A.

Access to Unaffiliated Competing Providers. Qwest is providing access to UNEs and interconnection facilities to a significant number of unaffiliated competing providers of telephone exchange service in Arizona. Specifically, as of May 31, 2003, Qwest provides 37,719 stand-alone unbundled loops to 14 CLECs and 62,713 UNE-Ps to 12 CLECs in Arizona. ^{5/} *See* Teitzel Decl. at 8 and Exh. DLT-Track A/PI-AZ-1 (Arizona Wholesale Volumes Data Report); *see also* Exh. DLT-Track A/PI-AZ-3. Further, as of May 31, 2003, Qwest has completed 507 CLEC collocations and is providing 185,480 local interconnection trunks in order for CLECs to access and interconnect with Qwest's network. *See* Teitzel Decl. at 8. Thus, Qwest meets the second criterion of Track A. ^{6/}

Competitive Service to Residential and Business Subscribers. CLECs collectively are providing telephone exchange service to significant numbers of residential and business subscribers in Arizona. Specifically, *individual* CLECs such as Cox Communications and McLeodUSA serve both residential and business customers in Arizona. *See* Teitzel Decl. at 9.

^{5/} This figure includes 57,043 "traditional" UNE-P combinations and 5,670 UNE Star combinations.

^{6/} A comprehensive list of unaffiliated CLECs currently active in Arizona is attached to the Teitzel Declaration. *See* Teitzel Decl. Exh. DLT-Track A/PI-AZ-3.

Only the CLECs have full information on their facilities bypass activities. 7/

While Qwest can actually measure and track the number of stand-alone unbundled loops, UNE-P lines 8/ and resale lines that it provisions to CLECs (as well as LIS trunks in service, numbers ported to CLECs by Qwest customers, CLEC white pages listings and CLEC E-911 listings), Qwest still must estimate the total number of access lines served *via* CLEC-owned facilities, except when the CLECs voluntarily disclose the actual number of lines served *via* CLEC-owned facilities. Consistent with other Section 271 applications previously approved by this Commission, including each of the applications approved in the *Qwest 271 Orders*, Qwest uses data from both E-911 database listings and LIS trunks to estimate the number of CLEC access lines in service in Arizona.

. Based on data from the E-911 listing database, which contains 579,498 listings (370,300 business and 209,198 residential) for lines served by CLECs *via* stand-alone unbundled loops and CLEC-owned facilities, Qwest estimates that, as of May 31, 2003, CLECs had 652,184 access lines in service in Arizona. *See* Teitzel Decl. at notes 24-25 and accompanying chart. Based on the number of LIS trunks in service in Arizona – 185,480 - Qwest estimates that, as of May 31, 2003, CLECs had 582,756 access lines in service in Arizona. *See id.* n.27 and accompanying chart.

Service Either Exclusively or Predominantly Over Competitor Owned Facilities in Combination with Resale. CLECs are providing service either exclusively over “their own telephone exchange service facilities,” as the Commission has defined that phrase, or in combination with resale in Arizona. Multiple carriers in Arizona have leased unbundled loops

7/ CLEC facilities-bypass, as used in this brief, is a subset of facilities-based competition that includes only CLEC-owned facilities. It does not include UNEs.

8/ UNE-Platform line counts include all UNE-P offerings.

from Qwest, which are deemed the CLECs' "own . . . facilities" under the Commission's rules. *See Michigan 271 Order*, 12 FCC Rcd at 20598 ¶ 101. As of May 31, 2003, 14 CLECs had 37,719 stand-alone unbundled loops in service in Arizona. Additionally, 12 CLECs had 62,713 UNE-Platform lines in service. *See Teitzel Decl.* at 18. CLECs also had 9,973 resold access lines (3,629 business and 6,344 residential) in service in Arizona. *See id.* at 19.

III. LOCAL MARKETS IN ARIZONA ARE OPEN TO COMPETITION

A. Qwest's Performance Indicator Definitions ("PIDs") Reliably Test Its Provision of Service to Wholesale Customers

1. The PIDs Were Developed in a Collaborative Process

The FCC has strongly endorsed performance standards negotiated through open, collaborative processes. ^{9/} Qwest, the state regulatory authorities throughout Qwest's region (including the ACC) and CLECs and other interested parties drafted the PIDs that measure Qwest's performance in precisely that manner, and the Commission previously has found that Qwest's PIDs accurately measure its provision of wholesale service to CLECs. *Qwest 9-State Order* ¶¶ 9-13; *see generally Qwest 3-State Order and Qwest Minnesota Order*. The initial version of performance indicators in Arizona was developed collaboratively in late 1999. In January 2000, the Technical Advisory Group ("TAG") of the 13-state ROC revised the draft Arizona PIDs; thereafter, the ROC TAG, with input from Qwest, intervening parties, and state commission and board staffs, continually refined both the Arizona and ROC PIDs to ensure they accurately measured wholesale service performance. On June 13, 2002, the Arizona TAG – this

^{9/} When parity and benchmark standards are developed in open proceedings, with input from the incumbent and competing carriers, the standards "represent informed and reliable attempts to objectively approximate whether competing carriers are being served by the incumbent in substantially the same time and manner, or in a way that provides them a meaningful opportunity to compete." *Qwest 9-State Order*, App. K ¶ 8.

state's counterpart to the ROC TAG - adopted the definitions in ROC PID version 5.0, subject to Arizona-specific standards in a few cases. Qwest ultimately was able to create a 14-State PID version 5.0 to replace the previously separate versions for Arizona and the 13 ROC states. Thus, the Arizona performance standards discussed in this application are identical in nearly all cases to those previously evaluated and approved by the Commission in the *Qwest 271 Orders*. ^{10/} See Declaration of Dean Buhler, Commercial Performance, ("Buhler Decl."), Att. 5, App. A, ¶¶ 14-18.

The ROC and ACC TAGs adopted performance indicators for each checklist item that is susceptible to evaluation with performance data. The PIDs, which address Checklist Items 1, 2 (including OSS), 4, 5, 7-11, 13 and 14, are grouped into categories, such as Ordering and Provisioning (OP) and Maintenance and Repair (MR). Those two categories account for the vast majority of Qwest's performance results. ^{11/} The core performance metrics are as follows:

- GA-1 through GA-6 – measure the percentage of scheduled time Qwest's electronic interfaces are available for CLEC use.
- PQ-5 – evaluates the extent to which Qwest provides CLECs with timely FOC notification.

^{10/} The 14-State version is the same as ROC PID version 5.0 except that it shows state-specific performance standards for Arizona and Colorado under certain metrics. The 14-State version can be found in Attachment 5, Appendix D.

^{11/} In August 2001, Qwest proposed additional, modified "*" versions of three metrics relating to trouble reports, OP-5, MR-7 and MR-8, given that Qwest often finds the service which may have generated a trouble report is in fact functioning properly. These "*" PIDs exclude trouble reports for which Qwest both finds no problem and has no additional trouble report for the next 30 days. (As a result of the latter criterion, performance results under OP-5*, MR-7* and MR-8* lag a month behind their corresponding PIDs.) Though the ROC TAG did not reach agreement on the "*" PIDs, Qwest reports these results because they can help explain apparent performance disparities and thereby demonstrate Qwest is satisfying checklist requirements because the apparent disparities are not due to discrimination. See *Kansas/Oklahoma 271 Order*, 16 FCC Rcd 6237 ¶ 31; see also *Qwest 9-State Order* ¶ 354 n.1286 ("[W]e find it appropriate to consider the adjusted results from the modified [*] PIDs as part of Qwest's performance data.").

- OP-3 – measures the percentage of orders that Qwest installs on or before the scheduled due date.
- OP-4 – tracks the average time it takes Qwest to install a service, measured from the time Qwest receives a complete and accurate LSR/ASR.
- OP-5 – assesses the percentage of new orders that are trouble free for 30 days following installation.
- OP-6 – evaluates the average number of business days that delayed orders are completed beyond the applicable due date for reasons attributable to Qwest.
- MR-3, MR-4, MR-5 – measure the percentage of repairs completed within certain intervals (24, 48, and 4 hours, respectively).
- MR-6 – tracks the average time it takes to restore service.
- MR-8 – measures the number of trouble reports as a percentage of the total installed base of each service.
- MR-9 – measures the extent to which repairs restore service by the appointed date and time.

Most of the OP and MR measurements disaggregate results to show performance in urban areas (“Zone 1” or “within MSA”) and rural areas (“Zone 2” or “outside MSA”). Although the parties agreed to the Zone and MSA disaggregations, the FCC prefers to review statewide performance results. *See Qwest 9-State Order*, App. B-J. Accordingly, Qwest also is submitting herewith statewide average summaries that show only statewide totals for each PID. *See Att. 5, App. D.*

2. Independent Audits Have Verified the Reliability of Qwest’s Performance Reports

As noted above, the Commission has confirmed the reliability of Qwest’s performance reports. *See, e.g., Qwest 9-State Order* ¶ 13, nn.26-27. The Commission reached this conclusion based on the ROC’s retention of The Liberty Consulting Group (“Liberty”) to audit Qwest’s performance results. *Id.* For each PID, Liberty (1) examined Qwest’s data

collection systems to ensure that Qwest was accurately capturing, calculating, and reporting performance results; (2) conducted an end-to-end analysis of sample data sets to verify that the data collection systems worked as designed; and (3) independently calculated performance results to corroborate Qwest's results. In its final report, issued on September 25, 2001, Liberty concluded that "the audited performance measures accurately and reliably report actual Qwest performance." ^{12/} Liberty conducted supplemental evaluations of selected metrics in order to review mechanization of measurement production or code changes approved by the ROC TAG. Additionally, Liberty audited new measurements introduced after completion of the original audit. In all cases, Liberty's additional reviews verified that the measurements were reliable. ^{13/}

Separately, but equally relevant here, the Arizona Commission retained CGE&Y to audit Qwest's performance results under the Arizona PIDs, which were nearly identical to the ROC PIDs. ^{14/} Qwest's systems for tracking and reporting performance in the ROC states and Arizona likewise are identical. On December 21, 2001, CGE&Y issued its final report, which concluded that "Qwest's performance measure systems and processes . . . were substantially in compliance with the requirements of the Arizona PID for the months included within the audit for each particular measure." *Id.* at 22.

^{12/} Liberty Report at 2-3. The Liberty Report is included in Att. 5, App. D.

^{13/} Liberty's Supplemental Reports are included in Att. 5, App. D.

^{14/} At the time of the CGE&Y audit, the ROC and Arizona had only two PIDs that were not identical: PO-15, Number of Due Date Changes per Order, and OP-15, Interval for Pending Orders Delayed Past Due. Arizona's PO-5 PID divided what the ROC measured in PO-5B into two parts: (1) a modified PO-5B (FOCs for electronic/manual, non-flow-through-eligible LSRs) and (2) PO-5E (FOCs for failed flow-through electronic/manual LSRs). In addition, for some measurements that otherwise used the same definition as in the ROC, the Arizona performance standards were slightly different. In all other respects, the two sets of PIDs were virtually identical. Currently, the only states within the Qwest region with state-specific standards, and for only a few measures, are Arizona and Colorado.

3. Data Reconciliation Processes Further Support the Reliability of Qwest's Data

Further support for the Commission's conclusions regarding Qwest's performance metrics was found in the retention of Liberty by both the ROC and the ACC to resolve inconsistencies between data collected by CLECs and Qwest's reported performance results. *See Qwest 9-State Order* ¶ 13. Three CLECs – AT&T, WorldCom, and Covad – asked Liberty to reconcile certain aspects of their data with Qwest's reported performance results. The CLECs identified the specific metrics, products, and states targeted for data reconciliation. Liberty issued data reconciliation reports for Arizona, Colorado, Minnesota, Nebraska, Oregon, Utah and Washington; the reconciliation process however, pertained equally to all states in the Qwest region. In the course of the data reconciliation process, Liberty issued one Exception Report and 13 Observation Reports concerning inconsistencies in the data. Buhler Decl. ¶ 10.

After carefully reviewing corrective measures implemented by Qwest, Liberty closed each report as resolved. In its final report, Liberty concluded that "Qwest's performance reporting accurately and reliably report Qwest's actual performance." *Id.* The Commission has relied on the Liberty reports in assessing whether Qwest is meeting the requirements of the competitive checklist in Section 271. *See, e.g., Qwest 9-State Order* ¶ 88. The Commission also agreed with Qwest that subsequent data reconciliation of Qwest's OP-5 metric by CGE&Y established that there were relatively minor issues with OP-5 (most of which were known to the parties and are in the process of being resolved) and that, in any event, Qwest's reported results for CLECs changed only slightly when recalculated and were still higher than the results for Qwest's retail orders. *See id.* ¶ 105; *see also* Buhler Decl. ¶¶ 61-63. Nevertheless, Qwest instituted refinements in the measurement programming for OP-5 that resolved nearly all issues

addressed in the reconciliation, effective in revised reporting of November 2002 results and thereafter. *See id.*

B. Qwest Meets the Requirements for Checklist Compliance in Arizona

Qwest demonstrates below that, for each checklist item, the terms of its SGAT 15/ and/or interconnection agreements 16/ obligate it to provide the item in a manner that complies with the statute and with the FCC's rules, policies, and precedents regarding that item. In addition, Qwest demonstrates both (a) that it is furnishing (or that it stands ready to furnish) the item in reasonable, commercial quantities, and (b) that it is doing so at an acceptable level of quality.

1. Checklist Item 1: Interconnection

a) Interconnection Trunking

Interconnection is "the physical linking of two networks for the mutual exchange of traffic." 47 C.F.R. § 51.5; *Local Competition First Report and Order*, 11 FCC Rcd at 15590 ¶ 176; *Qwest 9-State Order*, App. K ¶ 17. Qwest has a concrete and specific legal obligation to provide interconnection pursuant to Section 7.0 of its Arizona SGAT, which requires Qwest to make interconnection available at reasonable rates on a nondiscriminatory basis. *See Declaration*

15/ The SGAT is Qwest's standard wholesale contract offer, which provides competitors with the rates, terms and conditions to which Qwest commits to adhere in the provisioning of Checklist Items. Upon request to Qwest, CLECs may incorporate terms from the SGAT into their negotiated agreements. *See* 47 U.S.C. § 252(i). *See* SGAT § 1.8.

16/ Appendix L contains state-approved interconnection agreements that Qwest has entered into with CLECs in Arizona as of August 1, 2003. The Arizona SGAT has been converted to a state-approved interconnection agreement ("SGAT-Based Interconnection Agreement") as the result of New Edge Networks' opt-in to the June 28, 2002, Arizona SGAT. Qwest relies on this agreement and the other interconnection agreements filed with the Arizona Commission, in addition to its SGAT, to establish checklist compliance. Unless otherwise noted, references to SGAT language and section numbers also are intended to refer to SGAT-Based Interconnection Agreements.

of Thomas R. Freeberg, Interconnection (“Freeberg Interconnection Decl.”), Att. 5, App. A, ¶ 14. Qwest also has a concrete, specific legal obligation to provide interconnection pursuant to interconnection agreements approved by the ACC. The Arizona Commission found that Qwest provides CLECs with interconnection on a nondiscriminatory basis in compliance with Section 271. *Id.* ¶¶ 54-65; *Arizona Checklist Item 1 Approval Order* at 91. In addition, this Commission previously has determined that Qwest meets the requirements of Checklist Item 1. *Qwest 9-State Order*, 17 FCC Rcd at 26473-74 ¶ 312; *Qwest 3-State Order* ¶ 86; *Qwest Minnesota Order* ¶ 50.

Qwest provides interconnection (1) “at any technically feasible point” within its network; (2) “that is at least equal in quality” to the connections Qwest provides to itself; and (3) “on rates, terms and conditions that are just, reasonable and nondiscriminatory.” *See* 47 U.S.C. §§ 271(c)(2)(B)(i), 251(c)(1). CLECs exchange a variety of traffic with Qwest over interconnection trunks - including local, toll, directory assistance, operator services, information access, and 911 - at each of the six feasible points of interconnection identified by the Commission. *See* 47 U.S.C. § 251(c)(2)(B); 47 C.F.R. § 51.305(a)(2); SGAT §§ 7.1.1, 7.2.1.2, 7.2.2.9.3. To ensure nondiscrimination, Qwest provisions CLEC interconnection trunks with the same equipment, technical criteria, and service standards that Qwest uses for its own “retail” trunks between pairs of its own switches. *Freeberg Interconnection Decl.* ¶ 10.

Qwest arranges interconnection trunking through (1) a DS1 or DS3 entrance facility provided by Qwest; (2) physical or virtual collocation; (3) negotiated mid-span meet point of interconnection (“POI”) facilities; and (4) other technically feasible methods of interconnection. In each LATA, Qwest allows CLECs to choose a single, technically feasible point for interconnection. SGAT § 7.1.2.

The process by which facilities-based CLECs order interconnection with Qwest's network is straightforward and well established. Qwest's wholesale website provides checklists, forms, explanations, and flow charts that explain the interconnection process in detail. *See* www.qwest.com/wholesale/clecs/clec_index.html. In the third-party OSS test, CGE&Y thoroughly reviewed the processes, systems, and tools that Qwest employs to facilitate interconnection. In its final report, CGE&Y concluded that Qwest satisfied all of the evaluation criteria for interconnection. *See* Att. 5, App. F, CGE&Y Report at 5.

**(1) Qwest Is Provisioning, Maintaining, and Repairing
Interconnection Trunks in Accordance with Negotiated
Performance Metrics**

The Commission has identified trunk group blockage as an indicator of whether an incumbent LEC provisions interconnection trunks "equal-in-quality" to the incumbent's own trunks. *Qwest 9-State Order*, App. K ¶ 18. In assessing whether an incumbent LEC services CLECs in a manner no less efficient than the way it provides the comparable function to its own retail operations, the Commission has focused on an incumbent LEC's installation and repair intervals. *Id.* ¶ 19.

(2) Performance

(a) Trunk Provisioning

The PIDs require Qwest to track the percentage of time it installs a CLEC-requested trunk on or before the agreed due date ("commitments met") and the average installation interval. *See* Buhler Decl. ¶ 73. Qwest also tracks the average number of days installations were delayed due to lack of facilities and for non-facilities reasons, and the

percentage of new installations as to which no trouble reports were filed within 30 days

("installation quality"). *Id.* 17/

The percentages of CLEC installation commitments met were at parity with retail in three out of four months from March through June 2003. *Id.* ¶ 76. Qwest met on average 94.09% of its installation commitments to CLECs in that period. *Id.* The lone parity miss occurred in March 2003 when Qwest completed 52 out of 60 trunk group installations on time. *Id.* Wholesale and retail average installation intervals were at parity in each month. *Id.* No CLEC installations were delayed due to lack of facilities, and there was no disparity between wholesale and retail delays in the only month with delays for non-facility reasons. *Id.* Installation quality was excellent: better than 96.9% of new trunks were installed without a CLEC filing a trouble report within 30 days in the March through June period, with an average of 98.6% trouble free new installations in all four months. *Id.*

(b) Trunk Repair

The TAG also adopted specific performance measures for maintenance and repair of interconnection trunks. These include the overall trouble report rate, the percentage of trouble reports cleared within four hours, and the mean time to restore service. Buhler Decl. ¶ 74. Qwest's performance under these PIDs has been outstanding.

The CLEC trouble report rate was outstanding by any standard at 0.01% in each of the past four months, and at parity with retail in all four months. *Id.* ¶ 77. Qwest cleared CLEC trouble reports within four hours at parity with retail in all four months. *Id.* The average

17/ Unless otherwise noted, all performance data cited herein with respect to Qwest's provisioning of checklist elements are for the period March through June 2003, the most recent four-month period for which data are available as of the date of this application. This time period is sometimes referred to herein as "the last four months." All citations are to the FCC version of Qwest's performance reports, which appear in Attachment 5, Appendix D. Qwest will provide supplemental data for July 2003 by way of an amendment to this application.

repair interval was at parity with retail in all four months. *Id.* CLEC repeat trouble rates also were at parity with retail. *Id.*

(c) Trunk Blockage

The ROC TAG set a performance benchmark of one percent or less for trunk blockage. *See* Buhler Decl. ¶ 75. Blockage is measured on (1) interconnection final trunk groups that connect CLEC end offices with Qwest tandems, and (2) interconnection final trunk groups that directly connect CLEC end offices with Qwest end offices.

Trunk blockage on CLEC interconnection to Qwest tandem offices was well within the 1.00% benchmark at 0.01% or less in each month and 0.00% in three of the four months. *Id.* ¶ 77. Blockage for interconnection to Qwest end offices was 0.00% in three of the last four months and 0.05% in the only month with blocking. *Id.*

Qwest has fulfilled significant CLEC demand for interconnection. As of May 31, 2003, CLECs had almost 185,000 interconnection trunks in service in Arizona. Regionwide, more than one million local interconnection trunks are in service. Freeberg Interconnection Decl. ¶ 7. Qwest's performance under all of the measures applicable to interconnection is consistently strong. These results demonstrate conclusively that Qwest maintains and provisions interconnection trunks to CLECs on a nondiscriminatory basis.

b) Collocation

Qwest offers collocation as one means for CLECs to obtain interconnection and access to network elements on an unbundled basis. *See Qwest 9-State Order* ¶ 314 ("We conclude that Qwest meets its collocation obligations."); *Qwest 3-State Order* ¶ 86 (Qwest complies with Checklist Item 1); *Qwest Minnesota Order* ¶ 50 (same); Declaration of Margaret S. Bumgarner, Collocation ("Bumgarner Collocation Decl."), Att. 5, App. A. The Commission has found that Qwest's processes and procedures ensure that collocation arrangements are